

100,000 Minnesotans got state premium help in 2017

Highlights of the 2017 State Premium Subsidy Program

Minnesotans who buy health insurance on their own started 2017 with premiums that had skyrocketed with little warning. Late in January, the state enacted a special program that discounted premiums for Minnesotans who didn't qualify for federal help paying the premium each month.

- **The one-year premium subsidy program gave eligible insurance buyers a 25 percent discount on** their 2017 premiums each month. Nearly 100,000 Minnesotans got help from the program, which ended in December 2017.
- **Every state dollar went directly to premium relief**, just as legislators intended. Health insurers paid administrative costs on their own.
- **The program was challenging to implement, but it worked.** Quick, cooperative action by the state legislature, the governor, state agencies and local health insurance companies got premium relief to Minnesotans who needed it most—at a lower cost to the state than predicted.

A rapid and united response

Before the ink was dry on the state premium subsidy program legislation, state officials and health insurers were already working together to get help to Minnesotans who needed it. Staff from Minnesota Management and Budget (MMB) relied on health insurance companies to provide 25 percent discounts to policyholders. Insurance companies depended on MMB and the Department of Human Services (DHS) to make sure the right people were getting help.

Meeting challenges with cooperation

Getting subsidies to the people who needed them was challenging. The program was approved in late January, long after billing systems had been set and people started paying their monthly premiums. Thousands of invoices had to be changed to reflect the new law. Refunds were sent to people who'd cancelled their policies.

A bigger challenge: making sure the right people got the right premium discount, every month. DHS worked closely with MMB and health insurers to make sure that, as the law required, subsidies went to people who weren't already enrolled in a DHS insurance program. State matching efforts took months and resulted in many decisions that had to be resolved one by one. Lengthy delays with state program data caused frustration and uncertainty for the Minnesotans whose help was in question. Sometimes, children received care through MA, but their parents bought their own insurance, and computers had a hard time understanding the difference. Often,

insurers provided the discount while trying to help families work with the state. In the end, if the state decided policyholders were ineligible, the decision was final because an appeals process did not exist.

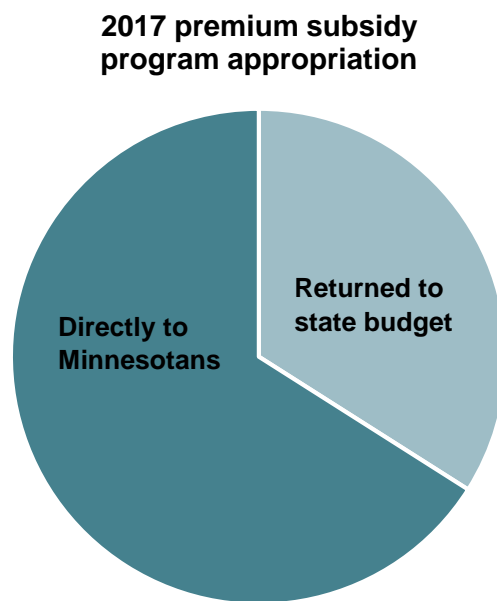
These challenges were great, but insurers and state agencies—together with many individual Minnesotans—worked together to resolve them throughout the year. Thanks to this united effort, the program was fully in place by May, and people were receiving the premium relief the law had envisioned.

Results: Less expensive for Minnesota than predicted—but at a cost

The state legislature set aside about \$312 million for the 2017 premium relief program. But based on estimates from MMB, at least a third of that money will end up going right back into the state budget.

The fact that fewer people bought health insurance on their own in 2017 than in the previous years is one reason the state spent less than projected. Overall, about 190,000 Minnesotans bought on their own in 2017—60,000 fewer than 2016 and about 100,000 fewer than 2015.

The state also saved some money by passing along some of the expense of the program to insurance companies. As the state required, insurers sent premium invoices reflecting the 25 percent subsidy *before* the state determined if the person was eligible. About \$600,000 in subsidies ended up not being reimbursed, and another \$2 million was invested in administrative services to implement the program.



Estimates based on data from Minnesota Management and Budget.

Lessons from a one-time program

By law, the state premium assistance program ended in December 2017. Insurers let policyholders know by mail, email and phone. Meanwhile, the state's Legislative Auditor will take one more look at the program and report back to the 2018 legislature.

One important lesson we've already learned is while helping Minnesotans pay for health insurance sounds easy, it is not. The state couldn't provide this help on its own and neither could health insurers. Fortunately, in Minnesota, we are still willing to pull together and make tradeoffs necessary to get problems solved.